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WORK

OF

THE JOINT HIGH COMMISSION

BY

A CANADIAN LIBERAL

FROM

THE NORTH AMERICAN REVIEW

MAY 1899

WORK OF THE JOINT HIGH COMMISSION.

BY A CANADIAN LIBERAL.

It would be a mistake to suppose that the labors of the Anglo-American Joint High Commission have been fruitless. While a final result of negotiations has not been reached, and upon one point disagreement has resulted, there is still good prospect of an ultimate settlement that will be satisfactory to moderate and reasonable men of both countries. The Commission was called upon to deal with a wide range of subjects, many of them of prime importance. These subjects were, the question of Trade Relations between Canada and the United States, Pelagic Sealing, the Alaskan Boundary, Reciprocal Mining Rights, the Alien Labor Law, the Southern and Eastern Boundary, the Northeastern Fisheries, the Inland Fisheries, the Bonding Privilege, Rights of Transit, the Transmission of Prisoners, the Construction of War Vessels upon the Lakes; and other questions of difference between the two countries. Public impatience is manifested, especially in Canada, because the solution of all these questions has not been reached. The truth probably is that tentative agreements have been arrived at upon all of them, with the exception of the Trade question and the Northeastern Fishery question; these provisional agreements being dependent for final adoption upon the settlement of the entire range of questions referred to the Commission.

The work of the Commission is of an importance that can scarcely be over-rated, not only with reference to the character of the questions themselves, but also with reference to the higher and more important question of future relations between the two great branches of the Anglo-Saxon family.

It is a fact, perhaps not hitherto understood in the United States, that the Canadian tariff regulations, as relating to the

United States, are much more liberal than the tariff regulations of the United States as relating to Canada. The total imports of Canada from the United States, for the year 1898, amounted to $86,587,000, of which amount $78,263,000 was entered for consumption; while the exports of Canada to the United States during the same year, the produce of Canada, and not including the mythical estimate of $4,300,000 for short returns, was $35,460,000, a sum corresponding very closely with the American Statistics of importations from Canada for 1898. Of the total imports from the United States for consumption, $37,674,000 were dutiable; while the free imports for consumption were $40,589,000. The rate of duty on total imports from the United States was 12.05 per cent. The rate of duty on dutiable imports was 25.4. The United States' duty on total imports for the same year was 24.78, and upon dutiable imports 49.20.

Of the total import of free goods into Canada, 72½ per cent. came from the United States, 17.7 per cent. from Great Britain, and 9.8 per cent. from all other countries. Of Canada's total imports for consumption, 66 per cent. were from the United States and but 28.11 of Canada's exports went to the United States. In the year there was a balance of trade against Canada and in favor of the United States of over forty million dollars, while the United States gave to Canada, in return for a free list of over $40,000,000 of American goods, a free list of but $14,000,000, consisting chiefly of saw logs, pulp wood, gold-bearing quartz, settlers' effects, and goods exported and then returned.

Of farm products, the United States took from Canada in 1898, $5,326,000, while Canada exported to other countries, chiefly to Great Britain, $77,516,000; so that the United States took from Canada but 6½ per cent. of her total export of farm products in that year. While the United States bought of Canada but 5,326,000 dollars' worth of farm products, Canada bought from the United States during the same year $15,000,000 worth, including raw cotton and tobacco leaf; and in the following articles Canada, in her purchases from the United States, exceeded her exports to that country, namely: horses, butter, eggs, lard, hides, bacon, hams, salted pork, beef in barrels, Indian corn, wheat flour, Indian meal, oatmeal, hay, seeds, fruits, and berries.

Canada imported from the United States in 1898 $35,000,000 worth of domestic manufactures, or $6,000,000 more than the

amount of manufactures imported from Great Britain. Of the import of manufactures from the United States, probably $20,000,000 was consumed by the agricultural population of the country, which was prevented, by the nearly prohibitory tariff of the United States, from selling to that country more than $5,326,000 worth of farm products in return.

As relates to the operation of differential duties in favor of Great Britain, for the year 1898, which amounted to 12½ per cent., the percentage of increase of British imports for consumption from 1897 to 1898 was 10.15 per cent., while the increase of imports for consumption from the United States during the same period was 35.68 per cent. Again, while the average rate of duties upon English goods entered for consumption under the preferential rate was 29.60 per cent., the average rate of duties upon American goods entered for consumption was 25.40 per cent.

The imports into Canada from all countries for 1898 amounted to $23.75 *per capita*, while the imports into Canada from the United States amounted to $14.25 *per capita*. In the face of this exhibit, the repressive influence of the American tariff upon foreign trade is evinced by the fact that the total importations of the United States for 1898 amounted to $7.83 *per capita*, while the importations of the United States from Canada amounted to less than 70 cents *per capita*.

The total exports of the United States for 1898 to South America, Mexico, Central America and the West Indies, with an aggregate population of over 54,000,000, amounted to $86,786,000, while the total exports of the United States to Canada, with a population of 5,500,000, amounted to $86,537,000, for the same year.

These facts are strikingly illustrative of the repressive tariff policy of the United States, and point to the propriety, on the part of Canada, of asking for trade concessions and more favorable trade relations from the United States.

All of the Canadian members of the Commission are recognized as entertaining friendly feelings towards the United States, and a sincere desire to promote more intimate trade and business relations between the two countries. These gentlemen, beyond question, approached the discussion of the trade relations between the two countries with a sincere desire to promote more friendly relations, and to secure the concessions which in their belief Canada

was fairly entitled to, as an equivalent for the results of her policy towards the United States. It is reasonably certain that the advances in the direction intimated were not met, on the part of the American Commissioners, with that degree of alacrity and willingness to concede reasonable requests that might have been hoped for. This was due, probably, to the preponderance of public sentiment in the United States against such concessions, and to a feeling in the United States Senate, hostile to the ratification of broad concessions in the realm of trade relations.

The Canadian Commissioners were, of course, anxious to secure the removal of duties upon several classes of farm products for which the Canadian farmer might find a remunerative market in the United States; and the fact that the vast mineral region of British Columbia will speedily furnish an extensive market for American farm products, and that the Canadian farmer, being the consumer of vast quantities of American manufactures, is entitled in return to sell, in the American markets of the East, a fair proportion of the products of his own labors, would naturally be strongly urged. But it is reasonably certain that applications for concessions in this line did not meet with a flattering degree of success, and that the American Commissioners absolutely refused to open the markets of the United States to the competition of Canadian farmers, except, possibly, in a few comparatively unimportant products.

The dependence of the Canadian farmer upon the American market has, of late years, very greatly diminished. Last year the total exports of Canada to Great Britain were $104,787,000, while the total imports from that country were $32,827,000, leaving a balance of trade in favor of Canada of $71,960,000. Of the $77,516,000 worth of farm products which Canada exported to countries other than the United States, England probably received over 95 per cent., and by means of cold storage and improved methods of production and transportation of cheese, butter, bacon, hams, vegetables, poultry, fruits, eggs, and other products, the Canadian farmer begins to feel a sense of independence of American markets. Indeed, it may be seriously questioned whether the denial to him, on the part of the United States, of free access to that market, is not a policy likely to react upon the commercial interest of the United States itself.

With the clouded prospect of securing concessions on the agri-

cultural list, it is fair to presume that the Canadian Commissioners pressed with vigor for the removal of restrictions in other directions, and especially in the matter of duties upon fish and upon lumber. The importation of lumber from Canada to the United States is trivial in amount, compared with the production of lumber in that country. Since 1890, the export of lumber from Canada to the United States has averaged only about one and one-half per cent. of the total volume of lumber produced in the last named country. This makes it clearly evident that the removal of the lumber duties would produce but a slight effect upon lumber prices in the United States, and that the most serious consequence would be the loss of revenue upon Canadian lumber importations. It is more than probable that a proper presentation of the facts bearing upon this case would conclusively prove to the American Commissioners, that free lumber might be granted without serious consequences to the lumber interests of the United States. This, however, would be but one step in the direction of securing for Canada this concession, and the more serious obstacle to overcome would be the prejudices of those interested in the production of lumber in some twenty-five of the American States, represented by fifty votes in the United States Senate, where it requires but thirty-one votes to defeat a treaty.

There was at no time, probably, sufficient reason for believing that Canada's desire for free fish would be gratified; and yet a settlement of the vexed Northeast Fishery question, by the free admission of Canadian fish into American markets, and the total sweeping away of all Canadian restrictions imposed by virtue of the Convention of 1818, would have been the most desirable adjustment of a long standing difficulty.

It is pretty certain that the free importation of fresh fish from the Maritime Provinces is already largely secured by clandestine arrangements, fresh fish being transferred from Canadian vessels at sea to fishing vessels from the United States, which go out with scanty provisions and speedily return with phenomenal catches.

With the Fishery and the Trade questions definitely settled, the relations between the two countries should immediately assume a more friendly form, as the main causes of friction and bad feeling would be removed. These two questions, it is safe to guess, will be settled. The prediction is hazarded that the next meeting of the Commission will result in the framing of a treaty,

which in many respects will be satisfactory to the people of Canada, and which in all respects will be infinitely preferable to a continuance of the present condition of affairs.

The disagreement upon the Alaskan Boundary question appears to be of a character to do no discredit to the British members of the Commission. The possession by the United States of a narrow strip of coast, from latitude 56 Northward, between the Canadian Northwest possessions and the Pacific, is, of course, a subject of deep regret and no little annoyance to the Canadian people, whose vast tracts of auriferous territory, in the Yukon District, is a Hinterland shut out from access to the sea by this intervening strip of coast, ten leagues in width. The delimitation of this boundary was, from the nature of the case, a difficult one. The coast line has deep indentations, such as Lynn Canal, sixty miles in length. From the head of this canal, access is had to the upper waters of the Yukon and to the Klondike, and other mineral regions. The Canadian Commissioners contended that, as the canal was less than six miles wide at its mouth, it was territorial waters, and not a part of the high sea, that the coast line should cross at its mouth, and the boundary line be ten leagues from the mouth of the bay or canal. The American contention was that the coast line followed this indentation, and that the boundary line should be at the crest of the mountain, or ten leagues from the waters of the bay or canal. An arrangement is understood to have been agreed upon, by which Canada was to be granted one port at the head of this canal, with access from that port to the interior, the United States government reserving sovereignty; but this was protested against by the citizens of Tacoma, Seattle, and other American towns upon the Pacific coast, and the arrangement was consequently withdrawn. No course then remained but to submit the question to Arbitration, and the American Commissioners are said to have proposed that the Board of Arbitration should consist of three eminent jurists from each country. The Canadians objected that this would not secure finality, and that it was necessary to have an umpire chosen from a neutral State. The Americans, it is said, were willing to select an umpire from one of the Spanish-American States. The Canadian Commissioners objected, because these States were practically under American protectorate, by virtue of the Monroe Doctrine. The Americans were unwilling to accept an umpire from

Europe, and so no course was left to the Commissioners but to refer the case to their respective governments.

The Canadian members of the Commission have been subjected to severe and unreasonable criticism in Canada, because the negotiations, extending over a period of six months, have not resulted in a treaty. The manufacturing interests of Canada are evidently very nervous, lest concessions shall be made admitting free of duty lines of manufactured goods from the United States in which they will be unable to compete with American rivals.

It must be admitted, and it is admitted with regret, that a state of public sentiment exists in Canada towards the United States, which is not in sympathy with the friendly and generous impulses of the British people towards their American cousins, or of American people towards the inhabitants of Great Britain. In parts of Canada, chiefly in commercial centers, and especially in Toronto, a spirit of jingoism exists, which has developed into a mild form of political insanity. It is by no means an uncommon thing to hear gentlemen of position, in business and political circles, express not only gratification that the Commission has adjourned without a treaty being made, but also an ardent hope that it will never meet again. The fact that the American tariff regulations are the reverse of liberal towards Canada, and that the trade between the two countries is specially advantageous to the United States, may be and probably is largely the cause of this state of feeling, but the condition of affairs is, nevertheless, in the highest degree regrettable and unjustifiable. As a practical outcome of the prevalence of this sentiment, the British Columbia Legislature has recently debarred American miners from the right to engage in placer mining, in that province, although the matter of reciprocal mining rights is under the consideration of the Commission, and a piece of legislation has gone upon the Statute Book of the Province of Ontario (61 Vic., chap. 9), which will ever remain a blot upon its legislative history, and is the most unjustifiable legislative enactment probably, that has been placed upon the Statute Book of any American State, Saxon or Spanish, in the last generation. This is a law, passed in the session of 1897, which practically confiscates the property of a number of American lumbermen, having timber holdings in Ontario, to the extent of some three million acres. These lumbermen, having exhausted the available supply of pine in the State of Michigan,

and having on their hands idle mills and salt blocks, made investments in timber lands on the north shore of Lake Huron for the purpose of transporting in rafts logs cut upon these lands to their Michigan mills. These investments were made upon the invitation of the Ontario Government, which controls and owns the public lands and Crown timber limits. The prices paid for these timber properties, sold at auction by the Government, or purchased from parties who had previously obtained them from the Government, were very large, ranging from two to three times as much per thousand feet, board measure, or per square mile in area, as timber properties sold for in other portions of the Province. These Americans were permitted to proceed without interruption with their business of exporting logs for a period of years.

When the Dingley Bill was under consideration in 1897, it was probably suspected that, in the event of lumber being made dutiable again, the Canadian Government would impose an export duty upon the exportation of logs. This suspicion was evidently well founded. American investments in timber lands had been made in good faith, for the purpose of exporting logs, and had been made at a time when no export duty or other restriction was in force. It was evidently thought proper by the Ways and Means Committee of the House of Representatives, and the Finance Committee of the Senate, to protect the interests of these American lumbermen, by guarding against the imposition of an export duty; and a proviso was inserted in the Dingley Bill which enacted that, if any foreign country imposed an export duty upon saw logs designed for export to the United States, the amount of such export duty should be automatically added to the import duty upon lumber sent from such country to the United States. This provision created great indignation in Canada, and as the imposition of an export duty was rendered practically impossible by the penal consequences provided against it, resort was had to the expedient of securing from the Ontario Government a Statute which required the manufacture in Canada of all logs cut from Government limits, or, in effect, which prohibited the export of logs. This provision, if it had been made a condition of sale, would have been within the right of the Government, though beyond doubt an unwise one; but the application of this provision, in the case of purchases already made for the express purpose of securing logs for export, was a breach of faith. The reason assigned for mak-

ing the provision was, that the conditions under which licenses were issued permitted the Government to make regulations for the management of timber lands. This reserved power applied simply to regulations for fire protection, the reservation of the smaller sizes of timber, to ground rent, and to Crown Dues. This law has been retained in spite of protest, and has no doubt proved a serious obstacle in the way of the Canadian Commissioners, when seeking for a reduction or the removal of the lumber duties. The full effect of the law falls upon a class of men who are strongly in favor of securing either a reduction or a total abolition of the lumber duty, and it serves well the purpose of that great mass of American lumbermen who desire to exclude Canadian lumber from the American market.

It is a striking proof of the forbearance of the American Treasury Department that no notice has yet been taken of this law. With a logical interpretation of the proper mode of applying the provision of the Dingley Bill against export duty, unquestionably this flank movement for securing the same purpose, in the most drastic and high handed manner, would be considered as, *pro tanto,* an export duty, calling under the automatic provisions of the export duty proviso for an order from the Treasury Department, either prohibiting the importation of lumber from Canada, or increasing the duty upon lumber to the maximum rate of export duty which the Canadian Government may impose at pleasure by order in Council, this maximum rate being $3 per thousand feet, board measure.

The effect of this Ontario law has already been mischievous, it may be presumed, through its adverse influence upon negotiations, by the creation of a spirit of indignation on the part of the American Commissioners as relates to the law itself. It has, beyond question, shaken confidence in Canadian honor and good faith among American investors, and has led to the withholding of millions of capital designed for investment in Canada. American capitalists naturally feel that American investors in three million acres of pine land, whose investments were sought for, the purpose of whose investment was well known, whose intentions when making the investments were permitted to be carried out for years, and who were then abruptly confronted by an Act of practical confiscation, were made the victims of bad faith and were robbed by legislation of duly acquired property rights. The

natural inquiry on the part of the capitalists is, What security are we to suppose that we shall possess, if we make investments in Canadian enterprises, while some crazy freak of lunatic legislation may at any time paralyze them by regulations and restrictions relating to the management of the properties we thus acquire?

The selfishness and greed that demand resort to export duties and prohibition of export may soon work great mischief, unless effectually checked. The Ontario Export Embargo Law is likely to be imitated in other Provinces by laws of a similar character, applicable not only to saw logs and round timber, but to pulp wood and other forest products. A demand for an export duty upon nickel ore has been sedulously agitated by a clique of speculators who, acting upon the belief that Canada alone can supply nickel ore, think it possible to secure a monopoly of refining nickel. A demand for an export duty upon lead ores in the interest of local smelters is made, and the apparent tendency of the aggressive jingo spirit in Canada at this juncture is to have export embargo and export duties extended over a wide range of natural products, forest and mineral, as rapidly as possible.

Canada has many of the peculiarities of a spoiled child, and ventures upon many manifestations of these peculiarities, that would not be attempted but for trust in the protection of the Motherland. Many of its public men, and possibly a majority of its people, seem to lack all sense of proper proportion, when considering the adjustment of international conditions. The impossibility of the successful coercion of 75,000,000 people by 5,000,000 people is not understood. Foolish dreams of bringing the United States to terms by withholding saw logs, nickel, and other natural products, are indulged in. Our vagaries and our senseless impudence are a source of annoyance to English statesmen, who look at times with ill concealed disgust upon our actions.

Progress, however, is being made. Intelligence and moderation of view are characteristic of a fair proportion of the population. Periodical crazes will subside in due time, and if the United States were to adopt towards us a trade policy fairly responsive in liberality to our own general tariff policy towards them, an influence would be brought into action for promoting better understanding and more widely extended friendship, which would be more effective than all other influences combined.

Eighty-fifth Year. Tros Tyriusque mihi nullo discrimine agetur. Vol. 168: No. 5.

THE

NORTH AMERICAN REVIEW

EDITED BY GEORGE B. M. HARVEY.

May, 1899.

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